

# Infrastructure Financing Strategy-- Summary of Major Points

October 16, 2002

## **Balanced Approach**

- The solution to the community's infrastructure financing gap will require significant **revenue from new development and the public at large**. Any solution will take a number of years to implement. Many improvements will still be funded by the community as a whole such as new schools, fire stations, libraries, community and regional size parks, swimming pools, and recreations centers. Also proposed is the creation of a new stormwater utility, as a division of Public Works and Utilities.
- A single water rate increase of approximately 7% is proposed for implementation in 2003. The City will **maximize the use of revenue bonds** that can be supported by water and wastewater utility rates.

## **Impact Fee Ordinance**

- **As one part of the overall approach, an impact for new development is proposed.** An impact fee would be paid at time of building permit and are ultimately paid by the property owner. Impact fees collected for arterial streets, water, wastewater and parks/trails would be deposited in a separate accounts. These funds could then be used only for new construction. For example, a water system impact fees could only be used for new water improvements such as a pump station or reservoir.
- For arterial streets, water distribution and parks/trails it is proposed that the city be divided into seven **benefit areas**. Each benefit area would have a separate account and fees collected in the benefit area could only be used for new construction in that area. A single city wide benefit area is proposed for water system and wastewater impact fees.
- Impact fees would not be charged for additions to or remodeling of existing homes. For businesses, it would apply to any additions and new buildings.
- **The Impact Fee schedule (for all four fees combined) will begin at \$2,500 and will be phased in over five years to \$4,500**, with annual inflation for construction costs. The fee schedule is substantially below the capital costs of these improvements. **Implementation of impact fees would be delayed until June 1, 2003.**
- The **Downtown and Antelope Valley redevelopment area** would be excluded from the arterial street impact fee. Fees would not be collected in this area, nor would this area benefit from use of the fees.
- **Low income rental or owner occupied** households with less than 60% of median income would be excluded from paying impact fees and fees would be reduced by half for households between 60 and 80% of median income.
- Property within annexation agreements approved prior to June 1, 2002 will be exempt from impact fees in each category that they contribute to improvements. These annexation agreements include an estimated 8 to 9,000 unbuilt dwelling units and 10 to 12 million square feet of unbuilt commercial and industrial space which is a significant portion of the new construction for the next 5 - 10 years.

## **Future Steps**

- The Mayor has appointed the Mayor's Infrastructure Financing Committee to continue the work on the overall financing strategy. The 14 member committee is to complete their work by June 2003.